

\$790,000,000 in the previous year. Long-term capital financed 82 p.c. and 80 p.c., respectively, of the current account deficits in 1962 and 1961. The proportions were smaller in 1955, 1959 and 1960, but averaged about 94 p.c. for the postwar period as a whole.

The net inflow of capital to Canada for direct investment in foreign-controlled enterprises during 1962 was estimated at \$525,000,000, some \$10,000,000 higher than in 1961, and was exceeded only in three earlier postwar years—1956, 1959 and 1960. An unusually large proportion, perhaps as much as a third of the movement in 1962, was related to the acquisition of existing enterprises and interests and for refinancing. Approximately 60 p.c. of the direct investment inflow in 1962 originated in the United States and the remainder was about evenly divided between Britain and other overseas countries. Direct investment abroad of Canadian capital was estimated at \$100,000,000, up \$20,000,000 over the total for 1961.

Owing to the mid-year exchange crisis and to the re-entry in the final quarter of the Government of Canada as a borrower in the United States capital market for the first time since 1950, transactions in stocks and bonds between Canada and other countries were of more than usual interest in 1962. Net inflows from transactions in Canadian and foreign securities amounted to \$257,000,000, as compared with \$306,000,000 in 1961 and with an average of nearly \$680,000,000 for the four years 1956 to 1959. While retirements of Canadian securities worth \$322,000,000 in 1962 were only moderately above the levels of recent years, new issues increased by a third to \$710,000,000, reaching a total exceeded only in 1957. At the same time, trade in outstanding Canadian securities led to a moderate net capital outflow, the first since 1955, as did also transactions in foreign securities. The over-all movement to Canada of portfolio security capital in 1962 came entirely from the United States with net inflows from that country of \$430,000,000, as there were outflows of \$90,000,000 to Britain and \$83,000,000 to other countries. Repayments totalling \$129,000,000 on loans made by the Government of Canada were received during 1962 from a number of European and Asian countries and included large prepayments from France and the Netherlands; and Canada subscribed \$7,000,000 for bonds of the United Nations.

The export of capital represented by the growth of Canada's official gold and foreign exchange holdings over the course of the year totalled \$537,000,000, or \$207,000,000 apart from the special international financial assistance received in connection with the exchange crisis in the second quarter of the year. In all, this aid amounted to \$707,000,000, representing a drawing from the International Monetary Fund of various foreign currencies equivalent to \$300,000,000 in United States funds, and of reciprocal currency arrangements with the central banks of the United States and Britain, under which amounts of \$250,000,000 and \$100,000,000, respectively, in terms of United States funds were made available to Canada. However, with the rapid restoration of confidence and of the official holdings of gold and foreign exchange, the latter arrangement was terminated in the final quarter and a Canadian dollar equivalent of \$377,000,000 was returned to the two countries, leaving a net balance of \$330,000,000 for international financial assistance. From a variety of factors including changes in accounts receivable and payable and due also to a repayment of bank loans financed from the sale abroad of a new corporate bond issue, inflows of "other capital movements" declined substantially from \$467,000,000 in 1961 to \$280,000,000. A more detailed description of the exchange crisis and of the corrective measures adopted and their effects are found in the relevant issues of the *Quarterly Estimates of the Canadian Balance of International Payments* (Catalogue No. 67-001).

Since the shift upward at the beginning of the 1950's, direct investment inflows have been a specially significant element in the capital account. Continuing and substantial, these receipts contributed in particular to resource development and the growth of associated industries. By far the largest part of the new capital went into the petroleum and natural gas industry, a dynamic element in the expansion of the Canadian economy in this period. Large amounts were also invested in other mining industries, particularly for the development of iron ore, and in various branches of manufacturing.